

CITY OF ELDRIDGE, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND
QUESTIONED COSTS

JUNE 30, 2020

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**CITY OF ELDRIDGE, IOWA
OFFICIALS
June 30, 2020**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Martin O'Boyle	Mayor	January 2022
Steve Puls	Council Member	January 2020
Brian Dockery	Council Member	January 2022
Frank King	Council Member	January 2022
Adrian Blackwell	Council Member	January 2024
Bernie Peeters	Council Member	January 2024
Bruce Cheek	Council Member	January 2024
Barb O'Brien	Utility Board Trustee	February 2026
James Skadal	Utility Board Trustee	February 2027
Brock Kroeger	Utility Board Trustee	February 2022
James Roseman	Utility Board Trustee	February 2023
Michael Anderson	Utility Board Trustee	February 2024
Lisa A. Kotter	City Administrator	
James C. Martin	Assistant City Administrator	
Denise M. Benson	City Clerk	

Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Eldridge, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Eldridge, Iowa, as of and for the year ended June 30, 2020, and the related Notes to the Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Eldridge, Iowa, as of June 30, 2020, and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, and the Schedule of the City's Proportionate Share of the Net Pension Liability on pages 4 through 11 and 49 through 55 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Eldridge, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 3, are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 25, 2021, on our consideration of City of Eldridge's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City of Eldridge, Iowa's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Audit Standards in considering City of Eldridge, Iowa's internal control over financial reporting and compliance.

Miner, Dily; Miller C A PC

Clinton, Iowa
January 25, 2021

**CITY OF ELDRIDGE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

The City of Eldridge, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the City's financial statements.

2020

FINANCIAL HIGHLIGHTS

- Revenues of the City's governmental program and activity revenues increased by \$1,184,616 or 22.18 % over the prior fiscal year. Program expenses of the City's governmental activities increased \$987,553 or 24.95% over the prior year.
- Revenues of the City's business type activities decreased by \$848,400 or 11.37% under the prior year; and expenses decreased \$661,339 or 8.48% under the prior year.
- The City's total net position increased \$1,059,127 or 1.96% from June 30, 2019 to June 30, 2020. Of this amount, the net position after transfers of the governmental activities increased \$419,576 and the net position after transfers of the business type activities increased \$639,551.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Net Position and a Statement of Activities. These statements provide information about the activities of the City of Eldridge, Iowa as a whole and present an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplemental Information further explains and supports the financial statements with a comparison of the City's budget for the year, the City's proportionate share of the net pension liability and related contributions.

Supplemental Information provides detailed information about the City's nonmajor governmental funds and special revenue funds. In addition, the Schedule of Expenditures of Federal Awards provides details of the federal program benefiting the City.

CITY OF ELDRIDGE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the City's finances is "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Net Activities report all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The Statement of Net Position and the Statement of Activities report two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and intergovernmental payments finance most of these activities.
- Business-type Activities include the water and electric utilities, sanitary sewer system, the community center, and the fitness center. These activities are financed primarily by user charges.

**CITY OF ELDRIDGE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

REPORTING THE CITY'S FINANCIAL ACTIVITIES (CONTINUED)

Fund Financial Statements

The City has two kinds of funds:

Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include the General Fund; the Special Revenue Funds, such as Road Use Tax, Sales Tax Projects, Hotel Tax, and TIF funds; Capital Project funds of Capital Improvement and Street Projects; and Debt Service. These funds are reported using the current financial resources measurement focus and modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

Proprietary funds account for the services for which the City charges customers for the service it provides. Proprietary funds are reported in the same way all activities are reported in the Statement of Net Position and the Statement of Activities. The major difference between the proprietary funds and the business type activities included in the government-wide statements is the detail and additional information, such as cash flows, provided in the proprietary fund statements. Proprietary funds include the Electric Fund, Water Fund, Sewer Fund, Community Center Fund and Fitness Center Fund, each considered to be a major fund of the City. The City is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong.

The financial statements required for proprietary funds include a statement of net assets, a statement of revenues, expenses, and changes in fund net assets and a statement of cash flows.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

CITY OF ELDRIDGE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position for governmental and business type activities.

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Current and other assets	\$ 9,155,344	\$ 8,176,208	\$11,135,938	\$10,592,798	\$20,291,282	\$18,769,006
Capital assets	<u>8,526,120</u>	<u>8,242,380</u>	<u>44,216,651</u>	<u>42,168,713</u>	<u>52,742,771</u>	<u>50,411,093</u>
Total assets	<u>17,681,464</u>	<u>16,418,588</u>	<u>55,352,589</u>	<u>52,761,511</u>	<u>73,034,053</u>	<u>69,180,099</u>
Deferred outflows Of resources	<u>217,125</u>	<u>236,826</u>	<u>221,927</u>	<u>224,078</u>	<u>439,052</u>	<u>460,904</u>
Other liabilities	595,472	464,047	311,364	645,462	906,836	1,109,509
Long-term liabilities	<u>8,230,818</u>	<u>7,641,104</u>	<u>6,435,670</u>	<u>4,207,556</u>	<u>14,666,488</u>	<u>11,848,660</u>
Total liabilities	<u>8,826,290</u>	<u>8,105,151</u>	<u>6,747,034</u>	<u>4,853,018</u>	<u>15,573,324</u>	<u>12,958,169</u>
Deferred inflows of resources	<u>2,770,585</u>	<u>2,668,125</u>	<u>136,187</u>	<u>80,827</u>	<u>2,906,772</u>	<u>2,748,952</u>
Net position:						
Invested in capital assets, net of related debt	1,007,322	1,151,753	38,477,786	38,686,594	39,485,108	39,838,347
Restricted	2,826,804	2,630,097	-	-	2,826,804	2,630,097
Unrestricted	<u>2,467,588</u>	<u>2,100,288</u>	<u>10,213,509</u>	<u>9,365,150</u>	<u>12,681,097</u>	<u>11,465,438</u>
Total net position	<u>\$ 6,301,714</u>	<u>\$ 5,882,138</u>	<u>\$48,691,295</u>	<u>\$48,051,744</u>	<u>\$54,993,009</u>	<u>\$53,933,882</u>

Net position of governmental activities increased \$419,576 or 7.13% over the prior year. Net position of business type activities increased \$639,551 or 1.33% over the prior year. The largest portion of the City's net position was invested in capital assets less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Total restricted net position represents resources subject to external restrictions. Unrestricted net position, the part of the net position that can be used to finance day-to-day operations, is \$12,681,097 at the end of this year, compared to \$11,465,438 in the prior year.

Revenues for governmental activities increased by \$1,184,616 over the prior year. This 22.18% increase over last year was attributable to the increase in capital grants, property tax, tax increment financing, road use tax, local option sales tax, and interest revenues. The cost of governmental activities this year increased by \$987,553 from the prior year. Despite decreases in culture and recreation, community and economic development, and general government, larger increases in other activities resulted in this overall 24.95% increase.

CITY OF ELDRIDGE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Revenues:						
Charges for service	\$ 660,038	\$ 622,916	\$ 6,461,290	\$ 7,296,280	\$ 7,121,328	\$7,919,196
Capital grants and contributions	452,454	-	-	-	452,454	-
General revenues:						
Property tax levied for:						
General purpose	2,552,429	2,530,200	-	-	2,552,429	2,530,200
Debt service	50,086	49,895	-	-	50,086	49,895
Tax increment financing	720,131	346,353	-	-	720,131	346,353
Franchise tax	43,642	43,524	-	-	43,642	43,524
Road use tax	900,296	794,433	-	-	900,296	794,433
Local option sales tax	1,019,822	790,956	-	-	1,019,822	790,956
Assessments	1,028	1,113	-	-	1,028	1,113
Interest on investments	36,028	28,661	116,658	103,056	152,686	131,717
Miscellaneous	90,027	133,314	35,841	62,853	125,868	196,167
Total	<u>6,525,981</u>	<u>5,341,365</u>	<u>6,613,789</u>	<u>7,462,189</u>	<u>13,139,770</u>	<u>12,803,554</u>
Program expense						
Public safety	1,243,698	1,143,189	-	-	1,243,698	1,143,189
Public works	2,332,820	1,486,661	-	-	2,332,820	1,486,661
Culture and recreation	507,219	513,198	-	-	507,219	513,198
Community and economic development	99,014	85,851	-	-	99,014	85,851
General government	599,857	654,487	-	-	599,857	654,487
Interest on long-term debt	162,626	74,295	88,465	48,745	251,091	123,040
Electric	-	-	4,148,891	4,498,161	4,148,891	4,498,161
Water	-	-	1,041,029	903,988	1,041,029	903,988
Sewer	-	-	1,416,596	1,826,881	1,416,596	1,826,881
Community center	-	-	271,213	331,568	271,213	331,568
Fitness center	-	-	169,215	187,405	169,215	187,405
Loss on disposition of assets	-	-	-	-	-	-
Total	<u>4,945,234</u>	<u>3,957,681</u>	<u>7,135,409</u>	<u>7,796,748</u>	<u>12,080,643</u>	<u>11,754,429</u>
Changes in net position						
Before transfers	1,580,747	1,383,684	(521,620)	(334,559)	1,059,127	1,049,125
Transfers	(1,161,171)	(5,256,408)	1,161,171	5,256,408	-	-
Net position, beginning of year	<u>5,882,138</u>	<u>9,754,862</u>	<u>48,051,744</u>	<u>43,129,895</u>	<u>53,933,882</u>	<u>52,884,757</u>
Net position, end of year	<u>\$ 6,301,714</u>	<u>\$ 5,882,138</u>	<u>\$48,691,295</u>	<u>\$48,051,744</u>	<u>\$54,993,009</u>	<u>\$53,933,882</u>

**CITY OF ELDRIDGE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Net position of business type activities increased by \$639,551 or 1.33% over the prior year. Decreases in charges for services but an increase of transfers in from governmental activities accounted for the small change in net position of the business type activities.

The cost of all governmental activities this year was \$4,945,234 compared to \$3,957,681 last year. However, as shown in the Statement of Activities on pages 13 and 14, the amount taxpayers ultimately financed for these activities was only \$3,832,742 because some of the cost was paid by those directly benefited from the programs (\$660,038), and by a capital grant of \$452,454. The City paid the remaining "public benefit" portion of governmental activities with property taxes and other receipts, such as other tax, interest, and miscellaneous revenues.

INDIVIDUAL MAJOR FUND ANALYSIS

Governmental fund Highlights

As the City of Eldridge completed the year, its governmental funds reported a combined fund balance of \$5,939,657, which is 11.32% more than the \$5,335,791 total fund balance at June 30, 2019. The following are the major reasons for the changes in fund balances of the major governmental funds from the prior year.

The General Fund showed an increase in fund balance of \$131,470 from the prior year to \$1,582,051. This was due to a slight increase in revenues by \$24,452 or .73% to \$3,381,353, despite an increase in expenditures by \$32,664 to \$3,289,883 over the prior year. However, other financing sources increased in 2020 to \$40,000 in comparison to \$25,000 in 2019.

The Special Revenue, Road Use Tax Fund that accounts for road construction and maintenance, had an increase in fund balance of \$226,790 for the year ending June 30, 2020, smaller than the increase in 2019, attributable to more capital project expenditures in comparison to the prior year. The Road Use Tax Fund ended fiscal year 2020 with a \$1,245,402 fund balance compared to the prior year's ending fund balance of \$1,018,612.

The Special Revenue, Sales Tax Projects Fund accounts for the tax revenues and the capital improvements, purchases of equipment and community programs and services for which they are used. This fund had an increase of \$179,824 in fund balance at June 30, 2020, as compared to an increase of \$348,297 in the prior year. A federal grant of \$452,451 and increased sales tax revenue resulted in a total increase of revenues over the prior year by \$685,724 to \$1,450,817. However, larger increases in capital project expenditures resulted in a smaller increase in fund balance in 2020 in comparison to 2019. Net transfers out to operating funds increased by \$27,955 to a total of \$276,555 in the current year, as compared to \$248,600 for 2019.

**CITY OF ELDRIDGE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

INDIVIDUAL MAJOR FUND ANALYSIS (CONTINUED)

Proprietary Fund Highlights

The Enterprise, Electric Fund, which accounts for the operation and maintenance of the City's electric system, had a net position of \$19,931,869 at June 30, 2020 compared to a net position of \$20,117,920 at June 30, 2019.

The Enterprise, Water Fund, which accounts for the operation and maintenance of the City's water system, had a net position of \$7,905,929 at June 30, 2020 compared to a net position of \$8,031,378 at June 30, 2019.

The Enterprise, Sewer Fund, which accounts for the operation and maintenance of the City's sewer system, had a net position of \$19,469,009 at June 30, 2020 compared to a net position of \$18,416,097 at June 30, 2019.

The Enterprise, Community Center Fund, which accounts for the operation of the City's Community Center, had a net position of \$960,209 at June 30, 2020 compared to a net position of \$1,035,695 at June 30, 2019.

The Enterprise, Fitness Center fund, which accounts for the operation of the City's Fitness Center, had a net position of \$424,279 at June 30, 2020 compared to a net position of \$450,654 at June 30, 2019.

BUDGETARY HIGHLIGHTS

On May 18, 2020, the City amended its budget to cover unplanned disbursements in public works, general government, and business type activities. The City's receipts (before other financing sources) were \$5,832,421 less than amended budgeted receipts, an unfavorable variance of 48.6%. The most significant variance resulted from Intergovernmental receipts and charges for services. The budget had unfavorable variances for all receipts, with the exception of licenses and permits.

The City's disbursements were \$7,767,071 less than amended budgeted disbursements, a favorable variance of 52.2%. The largest variances were in capital projects and in business type activities. The City did not exceed budgeted disbursements in any function area for the year ended June 30, 2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The city's capital assets include land, infrastructure, buildings, equipment and vehicles. Capital assets of governmental activities totaled \$8,526,120 net of accumulated depreciation, at June 30, 2020. Capital assets of business type activities totaled \$44,216,651, net of accumulated depreciation, at June 30, 2020. See note 3 to the financial statements for more information about the City's capital assets.

**CITY OF ELDRIDGE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt

At June 30, 2020, the City had \$7,518,798 in total long-term debt outstanding for governmental activities. The City also had \$5,738,865 in total long-term debt outstanding for business type activities. Additional information about the City's long-term debt is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Eldridge, Iowa remains in a good position to continue operations into the next fiscal year. Taxable values have increased along with the estimated levy rates. These increases will provide sufficient property tax dollars for future operations. The projected tax levy rates per \$1,000 of taxable value for the 2020-2021 fiscal year are:

<u>Tax Levy Purpose</u>	<u>Estimated Levy Rate</u>
Regular General Levy	\$6.53621
Tort Liability Levy	.09187
Debt Service Levy	.12141
Total Tax Levy	<u>\$6.74949</u>
Eldridge El Lec.Road TIF	<u>\$1.00000</u>
Agricultural Land Levy	<u>\$2.99023</u>

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and operating activities. If you have any questions or require additional information, please contact either the City Clerk or the City Administrator at City Hall, 305 N. Third Street, Eldridge, Iowa, 52748 or by telephone at 563-285-4841.

Lisa A. Kotter
City Administrator

BASIC FINANCIAL STATEMENTS

CITY OF ELDRIDGE, IOWA
STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and investments	\$ 5,654,016	\$ 9,903,150	\$ 15,557,166
Receivables:			
Grant	499,451	-	499,451
Property tax			
Current year	9,036	-	9,036
Succeeding year	2,620,215	-	2,620,215
Other tax	166,970	-	166,970
Customer accounts and unbilled usage	-	493,440	493,440
Other	31,676	-	31,676
Inventories	26,471	580,067	606,538
Prepaid insurance	72,215	66,760	138,975
Restricted cash and investments	-	69,650	69,650
Due from other funds	77,512	22,871	100,383
Capital assets, net of accumulated depreciation	8,526,120	44,216,651	52,742,771
Total assets	<u>17,683,682</u>	<u>55,352,589</u>	<u>73,036,271</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	217,125	221,927	439,052
LIABILITIES			
Checks in excess of bank balance	38,214	32,193	70,407
Accounts payable	330,314	104,841	435,155
Accrued interest payable	12,158	-	12,158
Salaries and benefits payable	17,455	10,285	27,740
Accrued expenses	1,818	58,683	60,501
Due to other funds	100,383	-	100,383
Compensated absences	97,348	105,362	202,710
Long-term liabilities:			
Portion due or payable within one year:			
Customer deposits	-	69,650	69,650
General obligation bonds and notes	676,798	-	676,798
Revenue bonds	-	256,865	256,865
Portion due or payable after one year:			
General obligation bonds and notes	6,842,000	-	6,842,000
Revenue bonds	-	5,482,000	5,482,000
Net pension liability	589,395	536,768	1,126,163
Compensated absences	122,625	90,387	213,012
Total liabilities	<u>8,828,508</u>	<u>6,747,034</u>	<u>15,575,542</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues:			
Succeeding year property tax	2,620,215	-	2,620,215
Pension related deferred inflows	150,370	136,187	286,557
Total deferred inflows of resources	<u>2,770,585</u>	<u>136,187</u>	<u>2,906,772</u>
NET POSITION			
Invested in capital assets, net of related debt	1,007,322	38,477,786	39,485,108
Restricted for:			
Capital projects	2,701,960	-	2,701,960
Community programs and services	74,205	-	74,205
Debt service	50,639	-	50,639
Revenue bonds retirement	-	-	-
Urban renewal	-	-	-
Unrestricted	2,467,588	10,213,509	12,681,097
Total net position	<u>\$ 6,301,714</u>	<u>\$ 48,691,295</u>	<u>\$ 54,993,009</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CITY OF ELDRIDGE, IOWA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
Governmental activities:			
Public safety	\$ 1,243,698	\$ 115,953	\$ -
Public works	2,332,820	355,079	452,454
Culture and recreation	507,219	33,105	-
Community and economic development	99,014	1,054	-
General government	599,857	154,847	-
Interest on long-term debt	162,626	-	-
Total governmental activities	4,945,234	660,038	452,454
Business type activities:			
Electric	4,148,891	3,878,154	-
Water	1,041,029	893,334	-
Sewer	1,416,596	1,387,979	-
Community center	271,213	181,239	-
Fitness center	169,215	120,584	-
Interest on long-term debt	88,465	-	-
Total business type activities	7,135,409	6,461,290	-
TOTAL	\$ 12,080,643	\$ 7,121,328	\$ 452,454

General revenues:
Property tax levied for:
 General purpose
 Debt service
Tax increment financing
Franchise tax
Road use tax
Local option sales tax
Assessments
Interest on investments
Transfers
Miscellaneous
Total general revenues

NET POSITION, BEGINNING OF YEAR

NET POSITION, END OF YEAR

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business Type Activities	Total
\$ (1,127,745)	\$ -	\$ (1,127,745)
(1,525,287)	-	(1,525,287)
(474,114)	-	(474,114)
(97,960)	-	(97,960)
(445,010)	-	(445,010)
(162,626)	-	(162,626)
<u>(3,832,742)</u>	<u>-</u>	<u>(3,832,742)</u>
-	(270,737)	(270,737)
-	(147,695)	(147,695)
-	(28,617)	(28,617)
-	(89,974)	(89,974)
-	(48,631)	(48,631)
-	(88,465)	(88,465)
<u>-</u>	<u>(674,119)</u>	<u>(674,119)</u>
<u>\$ (3,832,742)</u>	<u>\$ (674,119)</u>	<u>\$ (4,506,861)</u>
2,552,429	-	2,552,429
50,086	-	50,086
720,131	-	720,131
43,642	-	43,642
900,296	-	900,296
1,019,822	-	1,019,822
1,028	-	1,028
36,028	116,658	152,686
(1,161,171)	1,161,171	-
90,027	35,841	125,868
<u>4,252,318</u>	<u>1,313,670</u>	<u>5,565,988</u>
419,576	639,551	1,059,127
<u>5,882,138</u>	<u>48,051,744</u>	<u>53,933,882</u>
<u>\$ 6,301,714</u>	<u>\$ 48,691,295</u>	<u>\$ 54,993,009</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CITY OF ELDRIDGE, IOWA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2020

		Special Revenue		Other	
	General	Road Use Tax	Sales Tax	Nonmajor	Total All
	Fund	Fund	Projects	Governmental	Funds
			Fund	Funds	
ASSETS					
Cash and investments	\$ 1,637,138	\$ 1,039,399	\$ 2,505,984	\$ 471,495	\$ 5,654,016
Receivables:					
Grant		47,000	452,451		499,451
Property tax				-	
Current year	6,695	-	-	2,341	9,036
Succeeding year	2,543,815	-	-	76,400	2,620,215
Other tax	-	95,009	71,961	-	166,970
Other	31,676	-	-	-	31,676
Inventories	26,471	-	-	-	26,471
Prepaid insurance	72,215	-	-	-	72,215
Due from other funds	-	65,272	-	12,240	77,512
TOTAL ASSETS	<u>\$ 4,318,010</u>	<u>\$ 1,246,680</u>	<u>\$ 3,030,396</u>	<u>\$ 562,476</u>	<u>\$ 9,157,562</u>
LIABILITIES , DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Checks in excess of bank	\$ -	\$ -	\$ -	\$ 38,214	\$ 38,214
Accounts payable	67,868	1,278	258,579	2,589	330,314
Accrued interest payable	-	-	-	12,158	12,158
Salaries and benefits payable	17,455	-	-	-	17,455
Accrued expenses	1,818	-	-	-	1,818
Due to other funds	7,655	-	69,857	22,871	100,383
Compensated absences	97,348	-	-	-	97,348
Total liabilities	<u>192,144</u>	<u>1,278</u>	<u>328,436</u>	<u>75,832</u>	<u>597,690</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues:					
Succeeding year property tax	<u>2,543,815</u>	<u>-</u>	<u>-</u>	<u>76,400</u>	<u>2,620,215</u>
FUND BALANCES					
Nonspendable:					
Inventories and prepaid insurance	98,686	-	-	-	98,686
Restricted for:					
Capital projects	-	-	2,701,960	-	2,701,960
Community programs and services	-	-	-	74,205	74,205
Debt service	-	-	-	50,639	50,639
Urban renewal	-	-	-	(30,566)	(30,566)
Committed for:					
Capital projects	-	-	-	315,966	315,966
General equipment replacement	283,708	-	-	-	283,708
Unassigned	<u>1,199,657</u>	<u>1,245,402</u>	<u>-</u>	<u>-</u>	<u>2,445,059</u>
Total fund balances	<u>1,582,051</u>	<u>1,245,402</u>	<u>2,701,960</u>	<u>410,244</u>	<u>5,939,657</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 4,318,010</u>	<u>\$ 1,246,680</u>	<u>\$ 3,030,396</u>	<u>\$ 562,476</u>	<u>\$ 9,157,562</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CITY OF ELDRIDGE, IOWA
RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2020

Total governmental fund balance (page 15)	\$	5,939,657
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of the assets is \$35,076,815 and the accumulated depreciation is \$26,550,695.		8,526,120
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Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 217,125	
Deferred inflows of resources	(150,370)	
		66,755

Long-term liabilities, including bonds payable, capital leases, net pension liabilities, and compensated absences are not due and payable in the current period, and, therefore, are not reported as liabilities in the funds.		(8,230,818)
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Net position of governmental activities (page 12)	\$	6,301,714
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

CITY OF ELDRIDGE, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	<u>Special Revenue</u>			<u>Other</u>	
	<u>General</u>	<u>Road Use Tax</u>	<u>Sales Tax</u>	<u>Nonmajor</u>	<u>Total All</u>
	<u>Fund</u>	<u>Fund</u>	<u>Projects</u>	<u>Governmental</u>	<u>Funds</u>
			<u>Fund</u>	<u>Funds</u>	
REVENUES					
Property tax	\$ 2,552,429	\$ -	\$ -	\$ 50,086	\$ 2,602,515
Tax increment financing	-	-	-	720,131	720,131
Other taxes	43,642	-	998,366	22,484	1,064,492
Licenses and permits	114,266	-	-	-	114,266
Rent	43,408	-	-	-	43,408
Intergovernmental	41,125	900,296	-	-	941,421
Federal grant	-	-	452,451	-	452,451
Charges for services	545,772	-	-	-	545,772
Interest on investments	36,028	-	-	-	36,028
Miscellaneous	4,683	-	-	811	5,494
Total revenues	<u>3,381,353</u>	<u>900,296</u>	<u>1,450,817</u>	<u>793,512</u>	<u>6,525,978</u>
EXPENDITURES					
Operating:					
Public safety	1,177,802	-	-	-	1,177,802
Public works	1,061,375	201,922	-	-	1,263,297
Culture and recreation	367,835	-	-	16,856	384,691
Community and economic development	96,863	-	-	-	96,863
General government	510,473	-	-	-	510,473
Debt service	-	-	-	1,015,626	1,015,626
Capital projects	75,535	471,584	994,438	51,803	1,593,360
Total expenditures	<u>3,289,883</u>	<u>673,506</u>	<u>994,438</u>	<u>1,084,285</u>	<u>6,042,112</u>
EXCESS (DEFICIENCY) OF REVENUES					
OVER (UNDER) EXPENDITURES	<u>91,470</u>	<u>226,790</u>	<u>456,379</u>	<u>(290,773)</u>	<u>483,866</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of bonds	1,281,171	-	-	-	1,281,171
Operating transfers in	40,000	-	-	1,113,830	1,153,830
Operating transfers out	(1,281,171)	-	(276,555)	(757,275)	(2,315,001)
Total other financing sources (uses)	<u>40,000</u>	<u>-</u>	<u>(276,555)</u>	<u>356,555</u>	<u>120,000</u>
NET CHANGE IN FUND BALANCE	131,470	226,790	179,824	65,782	603,866
FUND BALANCE, BEGINNING OF YEAR	<u>1,450,581</u>	<u>1,018,612</u>	<u>2,522,136</u>	<u>344,462</u>	<u>5,335,791</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,582,051</u>	<u>\$ 1,245,402</u>	<u>\$ 2,701,960</u>	<u>\$ 410,244</u>	<u>\$ 5,939,657</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CITY OF ELDRIDGE, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Net change in fund balances - total governmental funds (page 17) \$ 603,866

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year as follows:

Depreciation expense	(388,534)	
Expenditures for capital assets	672,275	
	283,741	283,741

The current year City employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position 117,193

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Proceeds of long-term debt is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position. Current year proceeds and payments are as follows:

Proceeds from sale of bonds	(1,281,171)	
Bond principal	853,000	
Pension expense	(158,918)	
Compensated absences	1,865	
	(585,224)	(585,224)

Changes in net position of governmental activities (page 14) \$ 419,576

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CITY OF ELDRIDGE, IOWA
STATEMENTS OF NET POSITION - PROPRIETY FUND
June 30, 2020

	<u>Electric Fund</u>	<u>Water Fund</u>
ASSETS		
Cash and investments	\$ 6,259,856	\$ 2,000,870
Receivables:		
Customer accounts and unbilled usage	292,585	83,957
Due from other funds	-	-
Inventories	363,710	37,690
Prepaid insurance	28,229	9,660
Restricted assets:		
Cash and investments	47,779	21,871
Capital assets, net of accumulated depreciation	<u>13,457,888</u>	<u>5,869,183</u>
Total assets	<u>20,450,047</u>	<u>8,023,231</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows	75,928	38,806
LIABILITIES		
Checks in excess of bank balance	-	-
Accounts payable	77,232	22,307
Salaries and benefits payable	3,121	2,570
Accrued expenses	49,689	-
Payable from restricted assets:		
Customer deposits	47,779	21,871
Revenue bonds	-	-
Accrued interest payable	-	-
Note payable	-	-
Compensated absences	105,362	-
Long-term liabilities:		
Revenue bonds	-	-
Net pension liability	174,363	92,274
Compensated absences	<u>90,387</u>	<u>-</u>
Total liabilities	<u>547,933</u>	<u>139,022</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows	46,173	17,086
NET POSITION		
Invested in capital assets, net of related debt	13,457,888	5,869,183
Unrestricted:		
Designated for:		
Equipment replacement	743,434	491,870
Capital projects	100,000	-
Undesignated	<u>5,630,547</u>	<u>1,544,876</u>
Total net position	<u>\$ 19,931,869</u>	<u>\$ 7,905,929</u>

Sewer Fund	Community Center Fund	Fitness Center Fund	Total All Funds
\$ 1,642,424	\$ -	\$ -	\$ 9,903,150
116,898	-	-	493,440
22,871	-	-	22,871
172,629	5,056	982	580,067
16,802	6,359	5,710	66,760
-	-	-	69,650
23,373,172	1,036,307	480,101	44,216,651
25,344,796	1,047,722	486,793	55,352,589
52,147	30,772	24,274	221,927
-	25,129	7,064	32,193
4,014	123	1,165	104,841
2,242	-	2,352	10,285
8,420	574	-	58,683
-	-	-	69,650
256,865	-	-	256,865
-	-	-	-
-	-	-	-
-	-	-	105,362
5,482,000	-	-	5,482,000
139,253	69,858	61,020	536,768
-	-	-	90,387
5,892,794	95,684	71,601	6,747,034
35,140	22,601	15,187	136,187
17,634,307	1,036,307	480,101	38,477,786
315,405	-	-	1,550,709
-	-	-	100,000
1,519,297	(76,098)	(55,822)	8,562,800
\$ 19,469,009	\$ 960,209	\$ 424,279	\$ 48,691,295

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CITY OF ELDRIDGE, IOWA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
Year Ended June 30, 2020

	<u>Electric Fund</u>	<u>Water Fund</u>
OPERATING REVENUES		
Charges for services	\$ 3,878,154	\$ 893,334
Miscellaneous	120	26,183
	<u>3,878,274</u>	<u>919,517</u>
Total operating revenues		
OPERATING EXPENSES		
Business type activities:		
Cost of sales and services	3,605,237	769,932
Depreciation	543,654	271,097
	<u>4,148,891</u>	<u>1,041,029</u>
Total operating expenses		
NET INCOME (LOSS) FROM OPERATIONS	<u>(270,617)</u>	<u>(121,512)</u>
OTHER INCOME (EXPENSE)		
Interest on investments	72,566	8,063
Interest expense	-	-
	<u>72,566</u>	<u>8,063</u>
Total other revenues (expenses)		
OTHER FINANCING SOURCES (USES)		
Operating transfer in	12,000	-
Operating transfer out	-	(12,000)
	<u>12,000</u>	<u>(12,000)</u>
Total other financing sources (uses)		
NET INCOME (LOSS)	(186,051)	(125,449)
NET POSITION, BEGINNING OF YEAR	<u>20,117,920</u>	<u>8,031,378</u>
NET POSITION, END OF YEAR	<u>\$ 19,931,869</u>	<u>\$ 7,905,929</u>

Sewer Fund	Community Center Fund	Fitness Center Fund	Total All Funds
\$ 1,387,979	\$ 181,239	\$ 120,584	\$ 6,461,290
-	7,282	2,256	35,841
1,387,979	188,521	122,840	6,497,131
892,991	225,219	153,536	5,646,915
523,605	45,994	15,679	1,400,029
1,416,596	271,213	169,215	7,046,944
(28,617)	(82,692)	(46,375)	(549,813)
28,823	7,206	-	116,658
(88,465)	-	-	(88,465)
(59,642)	7,206	-	28,193
1,281,171	-	20,000	1,313,171
(140,000)	-	-	(152,000)
1,141,171	-	20,000	1,161,171
1,052,912	(75,486)	(26,375)	639,551
18,416,097	1,035,695	450,654	48,051,744
\$ 19,469,009	\$ 960,209	\$ 424,279	\$ 48,691,295

These financial statements should be read only in connection with
the accompanying notes to financial statements.

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended June 30, 2020

	Electric Fund	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 3,585,569	\$ 809,377
Cash received from other revenues	120	26,183
Cash paid for personal services	(516,058)	(318,836)
Cash paid to suppliers	(2,710,951)	(372,945)
Net cash provided (used) by operating activities	<u>358,680</u>	<u>143,779</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advances from other funds, net of advance repayments	<u>12,000</u>	<u>(12,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES		
Acquisition of capital assets	-	-
Proceeds from bonds issued	-	-
Principal paid on revenue bonds and capital leases	-	-
Interest paid on revenue bonds and capital leases	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>72,566</u>	<u>8,063</u>
NET INCREASE (DECREASE) IN CASH	443,246	139,842
CASH AND INVESTMENTS, BEGINNING OF YEAR	<u>5,864,389</u>	<u>1,882,899</u>
CASH AND INVESTMENTS, END OF YEAR	<u><u>\$ 6,307,635</u></u>	<u><u>\$ 2,022,741</u></u>

Sewer Fund	Community Center Fund	Fitness Center Fund	Total All Funds
\$ 1,271,081	\$ 181,239	\$ 120,584	\$ 5,967,850
-	7,282	2,256	35,841
(436,923)	(132,603)	(92,035)	(1,496,455)
(753,025)	(82,342)	(55,003)	(3,974,266)
<u>81,133</u>	<u>(26,424)</u>	<u>(24,198)</u>	<u>532,970</u>
 <u>1,141,171</u>	 <u>-</u>	 <u>20,000</u>	 <u>1,161,171</u>
 (3,457,388)	 -	 -	 (3,457,388)
2,503,746	-	-	2,503,746
(247,000)	-	-	(247,000)
(85,785)	-	-	(85,785)
<u>(1,286,427)</u>	<u>-</u>	<u>-</u>	<u>(1,286,427)</u>
 <u>28,823</u>	 <u>7,206</u>	 <u>-</u>	 <u>116,658</u>
(35,300)	(19,218)	(4,198)	524,372
<u>1,677,724</u>	<u>19,218</u>	<u>4,198</u>	<u>9,448,428</u>
<u>\$ 1,642,424</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,972,800</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CITY OF ELDRIDGE, IOWA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
Year Ended June 30, 2020

	<u>Electric Fund</u>	<u>Water Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (270,617)	\$ (121,512)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	543,654	271,097
(Increase) decrease in customer accounts and unbilled usage receivable	(20,425)	(13,309)
(Increase) decrease in due from other funds		
(Increase) decrease in inventories	15,562	(18,036)
(Increase) decrease in prepaid insurance	1,308	311
(Increase) decrease in deferred outflows of resources	(3,819)	(831)
Increase (decrease) in checks in excess of bank balance	-	-
Increase (decrease) in accounts payable	70,878	20,816
Increase (decrease) in accrued wages	3,061	901
Increase (decrease) in accrued expenses	(10,951)	-
Increase (decrease) in customer deposits	666	959
Increase (decrease) in compensated absences	24,173	-
Increase (decrease) in pension liability	(12,390)	(8,079)
Increase (decrease) in deferred inflows of resources	17,580	11,462
	<u>17,580</u>	<u>11,462</u>
Net cash provided (used) by operating activities	<u>\$ 358,680</u>	<u>\$ 143,779</u>
Reconciliation of cash and investments at year end to specific assets included in the statement of net position:		
Current assets:		
Cash and investments	6,259,856	2,000,870
Restricted assets:		
Cash and investments:		
Customer deposits	47,779	21,871
	<u>47,779</u>	<u>21,871</u>
Cash and investments, end of year	<u>\$ 6,307,635</u>	<u>\$ 2,022,741</u>

<u>Sewer Fund</u>	<u>Community Center Fund</u>	<u>Fitness Center Fund</u>	<u>Total All Funds</u>
\$ (28,617)	\$ (82,692)	\$ (46,375)	\$ (549,813)
523,605	45,994	15,679	1,400,029
(2,848)	-	-	(36,582)
(22,871)	-	-	(22,871)
46,632	(2,980)	434	41,612
(1,519)	(294)	(735)	(929)
5,792	(416)	1,425	2,151
-	25,129	7,064	32,193
(449,233)	(13,107)	(2,069)	(372,715)
2,242	573.83	(753)	6,025
2,680	-	-	(8,271)
-	-	-	1,625
-	-	-	24,173
(12,581)	(3,265)	(2,702)	(39,017)
<u>17,851</u>	<u>4,633</u>	<u>3,834</u>	<u>55,360</u>
<u>\$ 81,133</u>	<u>\$ (26,424)</u>	<u>\$ (24,198)</u>	<u>\$ 532,970</u>
1,642,424	-	-	9,903,150
<u>-</u>	<u>-</u>	<u>-</u>	<u>69,650</u>
<u>\$ 1,642,424</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,972,800</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CITY OF ELDRIDGE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The City of Eldridge, Iowa (the City) is a political subdivision of the State of Iowa located in Scott County and operates under the Home rule provisions of the constitution of Iowa. The City also operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, recreation, community and economic development, and general governmental services. The City also provides electric, water, sewer and sanitation utilities.

The financial statements of the City of Eldridge, Iowa have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

For financial reporting purposes, the City of Eldridge, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization, or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. Under these criteria, it has been determined that the City has no component units for which it is financially accountable.

Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The Statement of Net Position presents the City's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

CITY OF ELDRIDGE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues included 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds, which include Hotel Tax, Eldridge Unified TIF, Park Improvement, Streets Project, and Debt Service funds.

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the General Fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid through other funds.

Special Revenue Funds – The Road Use Tax Fund is used to account for road construction and maintenance. The Sales Tax Projects Fund is used to account for the revenues from the tax authorized by referendum and used for capital improvements, equipment and community programs and services.

The City reports the following major proprietary funds:

Enterprise:

Electric Fund – The Electric fund is used to account for the operation and maintenance of the City's electric system.

Water Fund – The Water Fund is used to account for the operation and maintenance of the City's water system.

Sewer Fund – The Sewer Fund is used to account for the operation and maintenance of the City's sewer system.

Community Center Fund – The Community Center Fund is used to account for the operation of the City's community center.

Fitness Center Fund – The Fitness Center Fund is used to account for the operation of the City's fitness center.

CITY OF ELDRIDGE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

Property tax, local option sales tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - committed, assigned, and then unassigned fund balances.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenue.

The proprietary funds of the City apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

CITY OF ELDRIDGE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City maintains its financial records on the cash basis. The financial statements of the City are prepared by making memorandum adjusting entries to the cash basis financial records. The following accounting policies are followed in preparing the financial statements:

Cash and Investments

For purposes of financial reporting and the statement of cash flows, the City considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Investments with an original maturity of greater than three months that can be redeemed anytime before maturity are also considered to be cash equivalents. Investments consist of certificates of deposit and are carried at cost, which approximates market.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash.

Property Tax Receivable, Including Tax Increment Financing

Property tax, including tax increment financing, in governmental funds is accounted for using the modified accrual basis of accounting,

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2020 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purpose set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1.5% per month penalty for delinquent payments, are based on January 1, 2018 assessed property valuations, are for the tax accrual period July 1, 2019 through June 30, 2020 and reflect tax asking contained in the budget certified to the County Board of Supervisors in March 2019.

CITY OF ELDRIDGE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Customer Accounts and Unbilled Usage

Customer accounts receivable are recorded in the Enterprise Funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

Due From and Due To Other Funds

During the course of its operations, the City has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market (net realizable value). Inventories in the Enterprise funds proprietary funds consist of materials and supplies. Inventories are recorded as expenses when consumed rather than when purchased.

Restricted Assets

Restricted assets of cash and investments set aside in proprietary funds for payment of revenue bonds are classified as restricted assets since their use is restricted by applicable bond covenants. Other restricted assets in proprietary funds include customer deposits restricted for application to unpaid customer accounts or for refund to customers.

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs not adding to the value of the asset or materially extending assets lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land, building and improvements	\$ 25,000
Equipment and vehicles	5,000
Infrastructure	50,000

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40-50 years
Improvements other than buildings	10-25 years
Vehicles	6-10 years
Equipment	4-15 years
Infrastructure	12-50 years

CITY OF ELDRIDGE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. These consist of unrecognized items not yet charged to pension expense and contributions from the City after the measurement date but before the end of the City's reporting period.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick leave, personal leave and compensatory time benefits. Vacation benefits must be used during employment. Sick leave benefits may be used during employment or accumulated up to the maximum hour limit established by the City for payment upon retirement or disability. Personal leave benefits may be used during employment or accumulated up to the maximum hour limit established by the City for payment upon leaving the City's employment unless terminated for cause. Compensatory time benefits may be used during employment or accumulated up to the maximum hour limit established by the City for payment upon leaving the City's employment. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. The governmental funds financial statements report a liability for accrued vacation, accrued personal leave and accrued compensatory time only. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the general fund.

Long-term Liabilities

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the Statement of Net Assets and the proprietary fund Statement of Net Position. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefits payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets

CITY OF ELDRIDGE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources (cont.)

are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the statement of net position consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which they are levied and the unamortized portion of the net difference between projected and actual earnings on IPERS' plan investments.

Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through ordinance or resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned - Amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the City Administrator.

Unassigned - All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, disbursements did not exceed the amount budgeted in any function line item.

NOTE 2 - CASH AND INVESTMENTS

Deposit Accounts

The City's cash and investments at June 30, 2020 consist of the following:

Petty cash fund on hand	\$ 830
Checking accounts	18,252
Money market accounts	<u>15,537,328</u>
Total	<u>\$15,556,410</u>

At June 30, 2020, the carrying amount of the City's deposits was \$15,556,410 and the related bank balance was \$15,793,448.

CITY OF ELDRIDGE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

The City's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Investments

The City is authorized by state statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Governmental activities				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 1,285,319	\$ 595,330	\$ 1,285,319	\$ 595,330
Land	<u>2,100,007</u>	<u>-</u>	<u>-</u>	<u>2,100,007</u>
Total	<u>3,385,326</u>	<u>595,330</u>	<u>1,285,319</u>	<u>2,695,337</u>
<i>Capital assets being depreciated:</i>				
Buildings	1,607,833	-	-	1,607,833
Equipment and vehicles	2,533,792	76,945	-	2,610,737
Infrastructure, road network	<u>26,877,589</u>	<u>1,285,319</u>	<u>-</u>	<u>28,162,908</u>
Total	<u>31,019,214</u>	<u>1,362,264</u>	<u>-</u>	<u>32,381,478</u>
Less accumulated depreciation	<u>26,162,160</u>	<u>388,535</u>	<u>-</u>	<u>26,550,695</u>
Net	<u>4,857,054</u>	<u>973,729</u>	<u>-</u>	<u>5,830,783</u>
Governmental activities capital assets, net	<u>\$ 8,242,380</u>	<u>\$ 1,569,059</u>	<u>\$ 1,285,319</u>	<u>\$ 8,526,120</u>

CITY OF ELDRIDGE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - CAPITAL ASSETS (CONTINUED)

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Business type activities				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 8,388,893	\$ -	\$ 8,388,893	\$ -
Land	<u>570,994</u>	<u>-</u>	<u>-</u>	<u>570,994</u>
Total	<u>8,959,887</u>	<u>-</u>	<u>8,388,893</u>	<u>570,994</u>
<i>Capital assets being depreciated:</i>				
Buildings	36,080,643	-	-	36,080,643
Equipment and vehicles	2,856,379	155,886	74,702	2,937,563
Infrastructure	<u>17,065,459</u>	<u>11,690,395</u>	<u>-</u>	<u>28,755,854</u>
Total	<u>56,002,481</u>	<u>11,846,281</u>	<u>74,702</u>	<u>67,774,060</u>
Less accumulated depreciation	<u>22,793,655</u>	<u>1,400,029</u>	<u>65,281</u>	<u>24,128,403</u>
Net	<u>33,208,826</u>	<u>10,446,252</u>	<u>9,421</u>	<u>43,645,657</u>
Business type activities capital assets, net	<u>\$ 42,168,713</u>	<u>\$ 10,446,252</u>	<u>\$ 8,398,314</u>	<u>\$ 44,216,651</u>

Depreciation expense for the year ended June 30, 2020 was charged to functions of the City as follows:

Governmental activities:	
Public safety	\$ 42,656
Public works	212,310
General government	11,041
Culture and recreation	<u>122,528</u>
Total governmental activities	<u>\$ 388,535</u>
Business type activities:	
Electric	\$ 543,654
Water	271,097
Sewer	523,605
Community center	45,994
Fitness center	<u>15,679</u>
Total business type activities	<u>\$ 1,400,029</u>

CITY OF ELDRIDGE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - LONG-TERM LIABILITIES

A summary of transactions that occurred regarding bond and note obligations for the year ended June 30, 2020 as follows:

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds/notes	<u>\$ 7,090,627</u>	<u>\$ 1,281,171</u>	<u>\$ 853,000</u>	<u>\$ 7,518,798</u>	<u>\$ 676,798</u>
Business type activities:					
Revenue bonds	<u>\$ 3,482,119</u>	<u>\$ 2,503,746</u>	<u>\$ 247,000</u>	<u>\$ 5,738,865</u>	<u>\$ 256,865</u>

Details of the general obligation bonds payable at June 30, 2020 are as follows:

	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Payments</u>	<u>Amount Originally Issued</u>	<u>Outstanding June 30, 2020</u>
GO Bonds, Series 2015	March 10, 2015	.07 - 2.60%	June 1, 2027	\$ 215,000- 260,000	\$2,715,000	\$1,810,000
GO Bonds, Series 2018	Nov. 16, 2018	2.00%	June 1, 2032	\$ 613,000- 778,000	\$9,000,000	\$5,708,798

General Obligation Bonds

The Series 2015 general obligation bonds outstanding at June 30, 2020 of \$1,810,000 bear interest rates ranging from .70% to 2.60% and mature in varying annual amounts from \$245,000 to \$275,000 with the final maturities due in the year ending June 1, 2027. The Series 2018 bonds of which only \$6,321,798 were drawn upon at June 30, 2020, bear an interest rate of 2.00% and mature in varying annual amounts from \$431,798 to \$522,000 with final mature on June 1, 2032.

A summary of general obligation bond principal and interest requirements to maturity by year for the both general obligation bonds is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 676,798	\$ 151,209	\$ 828,007
2022	689,000	138,898	827,898
2023	702,000	125,867	827,867
2024	715,000	112,210	827,210
2025	728,000	97,910	825,910
2026-2032	<u>4,008,000</u>	<u>302,740</u>	<u>4,310,740</u>
Totals	<u>\$ 7,518,798</u>	<u>\$ 928,834</u>	<u>\$ 8,447,632</u>

CITY OF ELDRIDGE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - LONG-TERM LIABILITIES (CONTINUED)

Revenue Bonds

Details of the revenue bonds payable at June 30, 2020 are as follows:

	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Payments</u>	<u>Amount Originally Issued</u>	<u>Outstanding June 30, 2020</u>
Sewer						
Revenue Bonds, Series 2018	July 2, 2018	2.00%	June 1, 2039	\$ 247,000- 360,000	\$6,000,000	\$5,738,865

As of June 30, 2020, \$5,985,865 of the total \$6,000,000 bonds were drawn upon. A summary of the annual obligation bond principal and interest requirements to maturity by year is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 256,865	\$ 114,069	\$ 370,934
2022	262,000	109,640	371,640
2023	266,000	104,400	370,400
2024	271,000	99,080	370,080
2025	276,000	93,660	369,660
2026-2039	4,407,000	695,430	5,102,430
Totals	<u>\$ 5,738,865</u>	<u>\$1,216,279</u>	<u>\$6,955,144</u>

CITY OF ELDRIDGE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - INTERFUND LOANS/ADVANCES/TRANSFERS

The city's cash management procedures occasionally result in short-term advances between funds that are repaid upon City Board approval from future revenues. At June 30, 2020, interfund advances were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$ 2,219
	Eldridge Unified TIF Area Fund	5,436
		<u>7,655</u>
Sales Tax Project	Hotel Tax	4,585
	Road Use Tax	65,272
		<u>\$ 69,857</u>

Such interfund advances are not reported as operating transfers. Interfund transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. A summary of interfund transfers that occurred during the year ended June 30, 2020 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Propriety Funds: Sewer	\$ 40,000
Capital Projects:	Special Revenue:	
Street Projects	Sales Tax Projects	25,000
Park Improvement	Sales Tax Projects	100,000
Proprietary Fund: Fitness	Sales Tax Projects	20,000
Debt Service	Nonmajor Govt Funds:	
	Unified TIF	757,275
	Special Revenue:	
	Sales Tax Projects	<u>231,555</u>
		988,830
Proprietary Fund: Sewer	General	1,281,171
Proprietary Fund: Electric	Proprietary Fund:	
	Water	12,000

CITY OF ELDRIDGE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - PENSION AND RETIREMENT BENEFITS

Iowa Public Employee Retirement System (IPERS)

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Protection occupation members may retire at normal retirement age which is generally at age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment. The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

CITY OF ELDRIDGE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED)

Iowa Public Employee Retirement System (IPERS) (continued)

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29 percent of pay and the City contributed 9.44 percent for a total rate of 15.73 percent. Protective occupation members contributed 6.61 percent of pay and the City contributed 9.91 percent for a total rate of 16.52 percent.

The City's total contributions to IPERS for the year ended June 30, 2020 were \$216,599.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a liability of \$1,126,163 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2019, the City's collective proportion was 0.0194479 percent which was an increase of .000204 percent from its proportion measured as of June 30, 2018.

CITY OF ELDRIDGE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED)

Iowa Public Employee Retirement System (IPERS) (continued)

For the year ended June 30, 2020, the City recognized pension expense of \$276,823. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,759	\$ 43,809
Changes of assumptions	162,451	1,461
Difference between projected and actual earnings on pension plan investments	-	185,752
Changes in proportion and differences between City contributions and proportionate share of contributions	53,243	55,535
City contributions subsequent to the measurement date	216,599	-
Total	\$ 439,052	\$ 286,557

CITY OF ELDRIDGE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED)

Iowa Public Employee Retirement System (IPERS) (continued)

\$216,599 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Total
2021	\$ 32,100
2022	(42,953)
2023	(32,296)
2024	(22,953)
2025	1,998
	<u>\$ (64,104)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum
Rate of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation Rates vary by membership group
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25% per annum based on 2.60% inflation and .65% real wage inflation

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

CITY OF ELDRIDGE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED)

Iowa Public Employee Retirement System (IPERS) (continued)

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF ELDRIDGE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED)

Iowa Public Employee Retirement System (IPERS) (continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability:	\$2,366,999	\$ 1,171,379	\$85,821

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan - At June 30, 2020, there were no reported payables to the defined benefit pension plan for legally required employer contributions or for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

NOTE 7 - COMPENSATED ABSENCES

The City's liability for compensated absences at June 30, 2020 is as follows:

<u>Type of Benefit</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Personal	\$ 20,186	\$ 22,616	\$ 42,802
Vacation	69,210	74,000	143,210
Compensatory Time	7,952	8,746	16,698
Sick Leave	122,625	90,387	213,012
Totals	<u>\$ 219,973</u>	<u>\$ 195,749</u>	<u>\$ 415,722</u>

CITY OF ELDRIDGE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 - COMPENSATED ABSENCES (CONTINUED)

The City maintains accrued leave reserves to offset the approximate liability for compensated absences. Employees may earn up to 160 hours per year of vacation, depending on years of service. Employees may carry a maximum of 80 hours to the subsequent anniversary year. Any unused vacation accumulated above these limits is forfeited. The City's sick leave policy allows its employees to accumulate up to 720 hours of sick leave which is payable when used or a maximum of 280 hours which is payable upon retirement or disability. No leave is paid when employment is terminated for any other reason. Employees earn 40 hours of personal leave per year and may accumulate up to 80 hours of personal leave. Employees may enter into an agreement with the City to earn compensatory time rather than being paid overtime for additional hours over 40 per week worked. Employees can accumulate up to 40 hours of compensatory time.

NOTE 8 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9 – COMMITMENTS

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2020. The City has a commitment for a signed construction contract totaling \$282,230 which was not started as of June 30, 2020. This commitment will be funded by state grants and cash reserves.

NOTE 10 – URBAN RENEWAL DEVELOPMENT AGREEMENTS

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer in exchange for infrastructure improvements, rehabilitation and development of commercial projects by the developer.

The agreements are not general obligations of the City and, due to their nature, are not recorded as a liability in the City's financial statements. However, the agreements are subject to the constitutional debt limitation of the City.

Certain agreements include an annual appropriation clause and, accordingly, only the amount payable in the succeeding year on the agreements is subject to the constitutional debt limitation. The entire outstanding principal balance of agreements not including an annual appropriation clause is subject to the constitutional debt limitation.

CITY OF ELDRIDGE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 11 – TAX ABATEMENTS

Governmental Accountings Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one of more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers that require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2020, \$202,585 of property tax was diverted from the City under the urban renewal and economic development projects.

The City was not subject to any tax abatement agreements entered into by other governmental entities.

NOTE 12 – DEFICIT FUND BALANCE

The City has one nonmajor governmental fund with a deficit equity balance at June 30, 2020. The City intends to finance this deficit from future tax increment financing revenues. The individual fund deficit is as follows:

Eldridge Unified TIF District Fund	\$ 30,566
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NOTE 13- SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 25, 2021, the date the financial statements were available for issuance.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ELDRIDGE, IOWA
BUDGET COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (CASH BASIS) -
GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
Year Ended June 30, 2020

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Original Budget	Final Budget	Budget to Actual Variance
RECEIPTS						
Property tax	\$ 2,571,680	\$ -	\$ 2,571,680	\$ 2,581,363	\$ 2,581,363	\$ (9,683)
Tax increment financing	720,131	-	720,131	757,275	757,275	(37,144)
Other taxes	897,522	-	897,522	900,987	900,987	(3,465)
Licenses and permits	114,266	-	114,266	79,660	79,660	34,606
Use of money and property	48,902	116,658	165,560	799,025	799,025	(633,465)
Intergovernmental	941,421	-	941,421	4,448,447	4,448,447	(3,507,026)
Federal grant	-	-	-	-	-	-
Charges for services	545,772	5,967,850	6,513,622	8,099,315	8,099,315	(1,585,693)
Miscellaneous	36,028	35,841	71,869	162,420	162,420	(90,551)
Total receipts	<u>5,875,722</u>	<u>6,120,349</u>	<u>11,996,071</u>	<u>17,828,492</u>	<u>17,828,492</u>	<u>(5,832,421)</u>
DISBURSEMENTS						
Public safety	1,168,620	-	1,168,620	1,248,935	1,248,935	80,315
Public works	1,290,297	-	1,290,297	1,263,485	1,324,360	34,063
Culture and recreation	382,094	-	382,094	594,207	594,207	212,113
Community and economic development	96,354	-	96,354	113,110	113,110	16,756
General government	501,787	-	501,787	499,923	509,073	7,286
Debt service	1,015,563	-	1,015,563	1,038,830	1,038,830	23,267
Capital projects	1,372,288	-	1,372,288	5,653,390	5,653,390	4,281,102
Business type activities		9,053,365	9,053,365	12,157,534	12,165,534	3,112,169
Total disbursements	<u>5,827,003</u>	<u>9,053,365</u>	<u>14,880,368</u>	<u>22,569,414</u>	<u>22,647,439</u>	<u>7,767,071</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>48,719</u>	<u>(2,933,016)</u>	<u>(2,884,297)</u>	<u>(4,740,922)</u>	<u>(4,818,947)</u>	<u>1,934,650</u>
OTHER FINANCING SOURCES (USES) NET	<u>120,000</u>	<u>1,161,171</u>	<u>1,281,171</u>	<u>4,536,024</u>	<u>4,536,024</u>	<u>(3,254,853)</u>
NET CHANGE IN FUND BALANCES	<u>168,719</u>	<u>(1,771,845)</u>	<u>(1,603,126)</u>	<u>(204,898)</u>	<u>(282,923)</u>	<u>(1,320,203)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>5,335,791</u>	<u>42,129,895</u>	<u>47,465,686</u>	<u>13,821,781</u>	<u>13,821,781</u>	<u>33,643,905</u>
FUND BALANCES, END OF YEAR	<u>\$ 5,504,510</u>	<u>\$ 40,358,050</u>	<u>\$ 45,862,560</u>	<u>\$ 13,616,883</u>	<u>\$ 13,538,858</u>	<u>\$ 32,323,702</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CITY OF ELDRIDGE, IOWA
BUDGET TO GAAP RECONCILIATION
GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
Year ended June 30, 2020

	<u>Governmental Funds</u>			<u>Proprietary Funds</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Receipts/revenues	\$ 5,875,722	\$ 650,256	\$ 6,525,978	\$ 6,120,349	\$ 493,440	\$ 6,613,789
Expenditures/expenses	<u>5,827,003</u>	<u>215,109</u>	<u>6,042,112</u>	<u>9,053,365</u>	<u>(1,917,956)</u>	<u>7,135,409</u>
Net	48,719	435,147	483,866	(2,933,016)	2,411,396	(521,620)
Other financing sources and transfer, net	<u>120,000</u>	<u>-</u>	<u>120,000</u>	<u>1,161,171</u>	<u>-</u>	<u>1,161,171</u>
Beginning fund balances/ Net position	<u>5,335,791</u>	<u>-</u>	<u>5,335,791</u>	<u>42,129,895</u>	<u>5,921,849</u>	<u>48,051,744</u>
Ending fund balances/ Net position	<u>\$ 5,504,510</u>	<u>\$ 435,147</u>	<u>\$ 5,939,657</u>	<u>\$ 40,358,050</u>	<u>\$ 8,333,245</u>	<u>\$ 48,691,295</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CITY OF ELDRIDGE, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY REPORTING
Year Ending June 30, 2020

The budgetary comparison is presented as required supplementary information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the general fund and each major special revenue fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized in the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based on nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service funds, capital projects funds, and proprietary funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund or fund type. During the year, a budget amendment increased budgeted disbursements by \$78,025. This budget amendment is reflected in the final budgeted amounts.

CITY OF ELDRIDGE, IOWA
SCHEDULE OF CITY'S PRORPORTIONATE SHARE OF THE
NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's prorportion of net pension liability	0.1944790%	0.9124340%	0.0210282%	0.0204653%
City's proportionate share of net pension liability	\$ 1,126,163	\$ 1,217,772	\$ 1,400,744	\$ 1,287,947
City's covered-employee payroll	\$ 2,255,537	\$ 2,081,918	\$ 2,042,256	\$ 2,050,003
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	49.93%	58.49%	68.59%	62.83%
Plan fiduciary net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%

In accordance with GASB Statements No. 68, the amounts presented for each fiscal year were determined as June 30 of the preceding fiscal year.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full-10 year

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>
0.0189992%	0.0181680%
\$ 938,653	\$ 720,526
\$ 1,867,067	\$ 1,774,408
50.27%	40.61%
85.19%	87.61%

See accompanying independent auditor's report.

**CITY OF ELDRIDGE, IOWA
SCHEDULE OF CITY CONTRIBUTIONS**

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contributions	\$ 216,599	\$ 200,710	\$ 187,238	\$ 187,728
Contributions in relation to the statutorily required contributions	<u>(216,599)</u>	<u>(200,710)</u>	<u>(187,238)</u>	<u>(187,728)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,255,537	\$ 2,081,918	\$ 2,042,256	\$ 2,050,003
Contributions as a percentage of covered-employee payroll	9.60%	9.64%	9.17%	9.16%

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 170,694	\$ 164,889	\$ 164,644	\$ 150,254	\$ 134,536	\$ 116,852
<u>(170,694)</u>	<u>(164,889)</u>	<u>(164,644)</u>	<u>(150,254)</u>	<u>(134,536)</u>	<u>(116,852)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,867,067	\$ 1,774,408	\$ 1,785,266	\$ 1,654,633	\$ 1,571,530	\$ 1,525,415
9.14%	9.29%	9.22%	9.08%	8.56%	7.66%

See accompanying independent auditor's report.

CITY OF ELDRIDGE, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
IOWA PUBLIC EMPLOYEE RETIREMENT SYSTEM
Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirements rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00 percent to 2.60 percent.
- Decreased the assumed rate of interest on member accounts from 3.75 percent to 3.50 percent per year.
- Decreased the discount rate from 7.50 percent to 7.00 percent.
- Decreased the wage growth assumption from 4.00 percent to 3.25 percent.
- Decreased the payroll growth assumption from 4.00 percent to 3.25 percent.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

SUPPLEMENTARY INFORMATION

**CITY OF ELDRIDGE, IOWA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020**

	<u>Special Revenue</u>	
	<u>Hotel Tax Fund</u>	<u>Eldridge Unified TIF District Fund</u>
ASSETS		
Cash and investments	\$ 69,620	\$ -
Receivables:		
Property tax		
Current year	-	2,212
Succeeding year	-	-
Due from other funds	<u>4,585</u>	<u>5,436</u>
Total assets	<u>\$ 74,205</u>	<u>\$ 7,648</u>
LIABILITIES, DEFERRED INFLOWS OF AND FUND BALANCES		
LIABILITIES		
Checks in excess of bank balance	\$ -	\$ 38,214
Accounts payable	-	-
Accrued interest payable	-	-
Due to other funds	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>38,214</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues:		
Succeeding year property tax	<u>-</u>	<u>-</u>
FUND BALANCES		
Restricted for:		
Community programs and services	74,205	-
Debt service	-	-
Urban renewal	-	(30,566)
Committed for:		
Capital improvements	-	-
Total fund balances	<u>74,205</u>	<u>(30,566)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 74,205</u>	<u>\$ 7,648</u>

Schedule 1

Capital Projects			
Park Improvement Fund	Street Projects Fund	Debt Service Fund	Total
\$ 184,424	\$ 134,131	\$ 83,320	\$ 471,495
-	-	129	2,341
-	-	76,400	76,400
-	-	2,219	12,240
<u>\$ 184,424</u>	<u>\$ 134,131</u>	<u>\$ 162,068</u>	<u>\$ 562,476</u>
\$ -	\$ -	\$ -	38,214
2,589	-	-	2,589
-	-	12,158	12,158
-	-	22,871	22,871
<u>2,589</u>	<u>-</u>	<u>35,029</u>	<u>75,832</u>
<u>-</u>	<u>-</u>	<u>76,400</u>	<u>76,400</u>
-	-	-	74,205
-	-	50,639	50,639
-	-	-	(30,566)
<u>181,835</u>	<u>134,131</u>	<u>-</u>	<u>315,966</u>
<u>181,835</u>	<u>134,131</u>	<u>50,639</u>	<u>410,244</u>
<u>\$ 184,424</u>	<u>\$ 134,131</u>	<u>\$ 162,068</u>	<u>\$ 562,476</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CITY OF ELDRIDGE, IOWA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	<u>Special Revenue</u>	
	<u>Hotel Tax Fund</u>	<u>Eldridge Unified TIF District Fund</u>
REVENUES		
Property tax	\$ -	\$ -
Tax increment financing	-	720,131
Other taxes	21,456	-
Miscellaneous	-	-
Total revenues	<u>21,456</u>	<u>720,131</u>
EXPENDITURES		
Operating:		
Culture and recreation	16,856	-
Community and economic development	-	-
Debt service	-	-
Capital projects	5,000	-
Total expenditures	<u>21,856</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(400)</u>	<u>720,131</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	-	-
Operating transfers out	-	(757,275)
Total other financing sources (uses)	<u>-</u>	<u>(757,275)</u>
NET CHANGES IN FUND BALANCES	(400)	(37,144)
FUND BALANCES, BEGINNING OF YEAR	<u>74,605</u>	<u>6,578</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 74,205</u></u>	<u><u>\$ (30,566)</u></u>

Schedule 2

Capital Projects			
Park Improvement Fund	Street Projects Fund	Debt Service Fund	Total
\$ -	\$ -	\$ 50,086	\$ 50,086
-	-	-	720,131
-	1,028	-	22,484
240	-	571	811
<u>240</u>	<u>1,028</u>	<u>50,657</u>	<u>793,512</u>
-	-	-	16,856
-	-	-	-
-	-	1,015,626	1,015,626
21,499	25,304	-	51,803
<u>21,499</u>	<u>25,304.00</u>	<u>1,015,626</u>	<u>1,084,285</u>
<u>(21,259)</u>	<u>(24,276)</u>	<u>(964,969)</u>	<u>(290,773)</u>
100,000	25,000	988,830	1,113,830
-	-	-	(757,275)
<u>100,000</u>	<u>25,000</u>	<u>988,830</u>	<u>356,555</u>
78,741	724	23,861	65,782
<u>103,094</u>	<u>133,407</u>	<u>26,778</u>	<u>344,462</u>
<u>\$ 181,835</u>	<u>\$ 134,131</u>	<u>\$ 50,639</u>	<u>\$ 410,244</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CITY OF ELDRIDGE, IOWA
SCHEDULE OF REVENUES BY SOURCES AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS FOR THE LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
REVENUES					
Property tax	\$ 2,602,515	\$ 2,580,095	\$ 2,397,055	\$ 2,385,897	\$ 2,063,545
Tax increment financing	720,131	346,353	255,812	308	740,379
Other taxes	1,064,492	835,593	896,347	1,036,374	893,643
Licenses and permits	114,266	82,941	108,112	147,215	124,835
Use of money and property	79,436	64,838	61,377	66,400	67,038
Intergovernmental	941,421	866,200	936,247	948,404	761,218
Charges for services	545,772	539,975	534,680	546,415	548,377
Miscellaneous	5,494	25,370	80,392	273,886	11,867
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 6,073,527</u>	<u>\$ 5,341,365</u>	<u>\$ 5,270,022</u>	<u>\$ 5,404,899</u>	<u>\$ 5,210,902</u>
EXPENDITURES					
Operating:					
Public safety	\$ 1,177,802	\$ 1,165,985	\$ 1,090,815	\$ 1,062,153	\$ 1,007,579
Public works	1,263,297	1,060,591	1,265,471	1,038,394	931,154
Culture and recreation	384,691	389,200	382,573	455,794	392,167
Community/economic development	96,863	85,398	85,795	94,103	236,136
General government	510,473	527,283	619,659	550,942	427,368
Debt service	1,015,626	309,295	260,011	252,565	650,866
Capital projects	1,593,360	429,668	2,593,707	1,173,947	1,049,910
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 6,042,112</u>	<u>\$ 3,967,420</u>	<u>\$ 6,298,031</u>	<u>\$ 4,627,898</u>	<u>\$ 4,695,180</u>

Note: The City of Eldridge, Iowa implemented Governmental Accounting Standards Board (GASB) Statement No. 34 in the year ended June 30, 2003.

Schedule 3

2015	2014	2013	2012	2011
\$ 2,002,223	\$ 1,951,781	\$ 1,869,454	\$ 1,772,193	\$ 1,720,593
621,419	714,147	790,596	789,653	544,048
906,392	876,291	853,710	837,367	729,757
116,975	116,525	124,631	99,127	114,398
64,497	57,458	50,042	47,595	47,499
588,723	568,874	563,124	1,096,587	623,767
563,397	545,313	527,952	515,767	435,785
29,019	52,976	59,659	100,199	31,009
<u>\$ 4,892,645</u>	<u>\$ 4,883,365</u>	<u>\$ 4,839,168</u>	<u>\$ 5,258,488</u>	<u>\$ 4,246,856</u>
\$ 972,776	\$ 959,439	\$ 961,658	\$ 904,303	\$ 822,089
906,164	943,512	804,455	790,725	781,744
419,211	396,983	375,264	338,282	307,703
213,817	283,119	173,309	241,889	248,406
421,227	436,879	333,673	329,062	350,137
671,007	541,830	513,574	426,651	549,917
1,671,021	1,438,964	1,398,325	1,580,138	1,368,181
<u>\$ 5,275,223</u>	<u>\$ 5,000,726</u>	<u>\$ 4,560,258</u>	<u>\$ 4,611,050</u>	<u>\$ 4,428,177</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Honorable Mayor and
Members of the City Council
City of Eldridge, Iowa:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of City of Eldridge, Iowa, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City of Eldridge, Iowa's basic financial statements as listed in the table of contents, and have issued our report thereon dated January 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Eldridge's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Eldridge, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Eldridge's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the Part II of the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Eldridge, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the City of Eldridge, Iowa's operations for the year ended June 30, 2020, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Eldridge, Iowa's Responses to Findings

The City of Eldridge, Iowa's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Eldridge, Iowa's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City of Eldridge, Iowa's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Eldridge, Iowa's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Eldridge, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Miner, Gilly; Mulh cost PC

Clinton, Iowa
January 25, 2021

CITY OF ELDRIDGE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

Part II: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES

II-A-20 Segregation of Duties

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps to detect and correct misstatements due to error or fraud on a timely basis.

Condition - The City has limited number of employees responsible for posting, updating, and maintaining the general ledger and subsidiary ledgers.

Cause - The City has limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect - Inadequate segregation of duties could adversely affect the City's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation - We realize segregation of duties is difficult with the limited number and capabilities of office personnel. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing available staff, including elected officials.

Response - The City will continue to review operating procedures and rotate duties among available personnel as feasible. Additionally, cross-training will continue to take place.

Conclusion: Response accepted.

CITY OF ELDRIDGE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

Part II: Findings Related to the Financial Statements (continued)

II-B-20 Preparation of Financial Statements

Criteria - Management is responsible for establishing and maintaining internal control, which includes the preparation and fair presentation of the financial statements and the accompanying disclosures in accordance with U.S. generally accepted accounting principles and the standards applicable to financial audits contained in Government Auditing Standards, as issued by the Comptroller General of the United States.

Condition - The City, as part of the audit, engages Miner, Gilroy and Meade CPA PC to assist in preparing its financial statements the accompanying disclosures in accordance with U.S. generally accepted accounting principles and the standards applicable to financial audits contained in Government Auditing Standards, as issued by the Comptroller General of the United States.

Cause - The City, due to time and cost constraints, relies on the auditor to draft the financial statements and the accompanying disclosures.

Effect - As independent auditors, Miner, Gilroy and Meade CPA, PC, cannot be considered part of the City's internal control system.

Recommendation - The City should implement a comprehensive review procedure to ensure that the financial statements, including the disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of generally accepted accounting principles and governmental accounting standards.

Response - The City will continue to review and monitor procedures currently in place, and explore options to educate and train staff to help mitigate the risks associated with the preparation of the annual financial statements.

Conclusion: Response accepted.

INSTANCES OF NON-COMPLIANCE

No matters were noted.

CITY OF ELDRIDGE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

Part III: Other Findings Related to Required Statutory Reporting

III-A-20 Certified Budget

Finding: Disbursements during the year ended June 30, 2020 did not exceed budgeted amounts in any service function. Chapter 384.20 of the Code of Iowa, which states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation”.

III-B-20 Questionable Expenditures

Finding: No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

III-C-20 Travel Expenses

Finding: No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

III-D-20 Business Transactions

Finding: No business transactions between the City and City officials or employees were noted.

III-E-20 Restricted Donor Activity

Finding: No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

III-F-20 Bond Coverage

Finding: Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

III-G-20 City Council Minutes

Finding: No transactions were found that we believe should have been approved in the Council or Utility Boards minutes but were not.

III-H-20 Deposits and Investments

Finding: No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

III-I-20 Revenue Bonds

Finding: The City has established the sinking reserve funds as required by revenue bonds provisions. No instances of non-compliance with the revenue bonds provisions were noted.

CITY OF ELDRIDGE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

Part III: Other Findings Related to Required Statutory Reporting(continued)

III-J-20 Annual Urban Renewal Report

Finding: The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

III-K-20 Separately Maintained Records

Finding: No instances of noncompliance in regards to separately maintained records under Chapter 384.20 of the Code of Iowa were noted.

III-L-20 Financial Condition

Finding: At June 30, 2020, the City had a deficit fund balance in the Nonmajor Governmental, Special Revenue, Eldridge Unified TIF District Fund of \$30,566.